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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/648,582	08/25/2000	Clint Ashford	MDLN.P001	5782

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EXAMINER	
PASS, NATALIE	

ART UNIT	PAPER NUMBER
3626	

DATE MAILED: 09/21/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/648,582	ASHFORD ET AL.	
	Examiner	Art Unit	
	Natalie A. Pass	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *06 July 2006*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-3,7-9,16,17 and 55* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-3, 7-9, 16-17, and 55* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

Notice to Applicant

1. This communication is in response to the amendment filed 6 July 2006. Claims 1-3, 7, 9, and 55 have been amended. Claims 31-54 have been withdrawn. Claims 4-6, 10-15, 18-30, 56-58 have been previously cancelled. Claims 1-3, 7-9, 16-17, and 55 remain pending.

Specification

2. The objections to the specification under 35 U.S.C. 132 for introducing new matter into the disclosure is hereby withdrawn due to the amendment filed 6 July 2006.

Claim Rejections - 35 USC § 112

3. The rejections of claims 1-3, 7-9,16-17, 55 under 35 U.S.C. 112, first paragraph, for containing new matter is hereby withdrawn due to the amendment filed 6 July 2006.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the m3anner in which the invention was made.

5. Claims 1-3, 7, 9, 16-17, 55 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kessler et al., U.S. Patent Number 5, 324, 077 in view of Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <http://www.phrplus.org/Pubs/hfsmar1.pdf>, hereinafter known as Bitran for substantially the same reasons as in the previous Office Action (paper number 12232005) and further in view of Seare, U.S. Patent Number 5, 557, 514 and "Celadon Health Signs With Symmetry; Physician Incentive System Will Use Episode Treatment Groups," PR Newswire. June 2000. URL: <http://proquest.umi.com/pqdweb?did=55354639&sid=10&Fmt=3&clientId=19649&RQT=309&VName=PQD>, hereinafter known as Celadon. Further reasons appear hereinbelow.

(A) Claim 1 has been amended to include the recitation of

- "[...] verifying that the episode of care is not an outlier case representing an extreme condition that costs significantly more than the cost associated with the initial baseline value [...]" at lines 13-14;
- "[...] verifying that the episode of care is not subject to gaming effects [...]" at line 15;
- "[...] any effects due to comorbidity [...]" at lines 20-21; and
- "[...] that is individually calculated based on the episode of care and correlated to the total treatment cost" at lines 25-26.

As per these new limitations, Kessler and Bitran teach a method as analyzed and discussed in the previous Office Action (paper number 12232005) further comprising

verifying that the episode of care is not an outlier case representing an extreme condition that costs significantly more than the cost associated with the initial baseline value (Kessler; column 12, lines 11-22); Examiner interprets Kessler's teachings of employing a "large statistically accurate data base" and analysis of cost control while "having a readily available data base with extensive data on every ... [...] ... visit" (Kessler; column 12, lines 11-22) to include verifying that the episode of care is not an outlier case;

verifying that the episode of care is not subject to "fraud" or "abuses" (reads on "gaming effects") (Kessler; column 11, line 55 to column 12, line 1); and

a monetary incentive that is correlated to the total treatment cost (Bitran; page 2, paragraph 2, page 45, paragraph 2).

Kessler and Bitran fail to explicitly disclose a method further comprising

factoring in any effects due to comorbidity.

However, the above features are well-known in the art, as evidenced by Seare.

In particular, Seare teaches a method further comprising

factoring in any effects due to comorbidity (Seare; column 24, lines 38-40).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the collective teachings of Kessler and Bitran to include the added limitations, as taught by Seare, with the motivations of analyzing historical medical provider billings to statistically establish a normative profile, enabling comparison of a medical provider's profile with a normative profile, creating an accurate model of the cost of a specific medical episode based on historical treatment patterns and a fee schedule, enabling comparison of various treatment patterns for a particular diagnosis by treatment cost and patient outcome to determine

the most cost-effective treatment approach, and identifying those medical providers who provide treatment that does not fall within the statistically established treatment patterns or profiles (Seare; Abstract).

Kessler and Bitran fail to explicitly disclose a method further comprising

a targeted monetary incentive that is individually calculated based on the episode of care and correlated to the total treatment cost.

However, the above features are well-known in the art, as evidenced by Celadon.

In particular, Celadon teaches a method further comprising

a targeted monetary incentive that is individually calculated based on the episode of care and correlated to the total treatment cost (Celadon; page 1, paragraph 2, paragraph 4).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the collective teachings of Kessler and Bitran to include the added limitations, as taught by Celadon, with the motivations of "reducing payor medical and administrative costs" and placing "health care accountability where it belongs ... with the patient's chosen physician" (Celadon; paragraph 3).

The remainder of claim 1 is rejected for the same reasons given in the prior Office Action (paper number 12232005, section 7, pages 5-7), and incorporated herein.

The motivations to combine the respective teachings of Kessler and Bitran are as discussed in the prior Office Action (paper number 12232005), and incorporated herein.

(B) Claim 2 has been amended to include the recitation of

- "[...] the initial baseline value represents a typical cost for providing treatment for the episode of care [...]" at lines 4-9.

As per these new limitations, Kessler, Bitran, Seare, and Celadon teach a method as analyzed and discussed in the previous Office Action (paper number 12232005) and in claim 1 above, wherein

the initial "dollar limit" (reads on "baseline value") represents a typical cost for providing treatment for the episode of care (Kessler; column 13, lines 15-33).

The remainder of claim 2 is rejected for the same reasons given in the prior Office Action (paper number 12232005, section 7, pages 7-8), and incorporated herein.

The motivations to combine the respective teachings of Kessler, Bitran, Seare, and Celadon are as discussed in the prior Office Action (paper number 12232005), and in claim 1 above, and incorporated herein.

(C) The amendments to claim 3 appear to have been made merely to change dependencies, to correct rejections under 35 USC § 112, and to correct minor typographical or grammatical errors. While these changes render the language of the claim smoother and more consistent, they otherwise affect neither the scope and breadth of the claim as originally presented nor the manner in which the claim was interpreted by the Examiner when applying prior art within the previous Office Action.

As such, the recited claimed features are rejected for the same reasons given in the prior Office Action (paper number 03242005, section 7, pages 8-9), and incorporated herein.

The motivations to combine the respective teachings of Kessler, Bitran, Seare, and Celadon are as discussed in the prior Office Action (paper number 12232005), and in claim 1 above, and incorporated herein.

(D) Claim 7 has been amended to include the recitation of

- "[...] further comprising the step of providing post analysis comparative data to the healthcare provider, the post analysis comparative data containing suggestions on how services can be provided in a more cost-effective manner" at lines 4-6.

As per these new limitations, Kessler, Bitran, Seare, and Celadon teach a method as analyzed and discussed in the previous Office Action (paper number 12232005) and in claim 1 above

further comprising the step of providing "feedback, measuring the quality and cost of care relative to other practitioners ... [and] ... lets doctors track their own performance ... [and] ... cost savings and a series of quality metrics" (reads on "post analysis comparative data to the healthcare provider, the post analysis comparative data containing suggestions on how services can be provided in a more cost-effective manner") (Celadon; page 1, paragraph 2).

The remainder of claim 7 is rejected for the same reasons given in the prior Office Action (paper number 12232005, section 7, page 9), and incorporated herein.

The motivations to combine the respective teachings of Kessler, Bitran, Seare, and Celadon are as discussed in the prior Office Action (paper number 12232005), and in claim 1 above, and incorporated herein.

(E) Claim 9 has been amended to include the recitation of

- "[...] further comprising determining a factor for calculating a partial incentive payment in the event the patient does not complete the course of treatment [...]" at lines 4-6.

As per this new limitation, Kessler, Bitran, Seare, and Celadon teach a method as analyzed and discussed in the previous Office Action (paper number 12232005) and in claim 1 above further comprising determining a factor for calculating a partial incentive payment in the event the patient does not complete the course of treatment (Kessler; Abstract).

(F) Claims 16, 17 have not been amended and are rejected for the same reasons given in the previous Office Action (paper number 12232005, section 7, pages 9-10, and section 9, page 13), and incorporated herein.

(G) Apparatus claim 55 repeats the subject matter of claim 1, respectively, as a set of "means-plus-function" elements rather than a series of steps. As the underlying processes of claim 1 have been shown to be obvious in view of the teachings of Kessler, Bitran, Seare, and Celadon in the above rejections of claim 1, it is readily apparent that the system disclosed by Kessler, Bitran, Seare, and Celadon includes the apparatus to perform these functions. As such, these limitations are rejected of the same reasons given above for method claim 1, and incorporated herein.

6. Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Kessler et al., U.S. Patent Number 5, 324, 077 in view of Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <http://www.phrplus.org/Pubs/hfsmar1.pdf>, hereinafter known as Bitran, and Seare, U.S. Patent Number 5, 557, 514 and "Celadon Health Signs With Symmetry; Physician Incentive System

Will Use Episode Treatment Groups," PR Newswire. June 2000. URL: <http://proquest.umi.com/pqdweb?did=55354639&sid=10&Fmt=3&clientId=19649&RQT=309&VName=PQD>, hereinafter known as Celadon, as applied to claim 1 above, and further in view of Spiro, U.S. Patent Number 5, 819, 228 for substantially the same reasons as in the previous Office Action (paper number 12232005). Further reasons appear hereinbelow.

(A) Claim 8 has not been amended and is rejected for the same reasons given in the previous Office Action (paper number 12232005, section 8, pages 10-11), and incorporated herein.

Response to Arguments

7. Applicant's arguments filed 6 July 2006 have been fully considered but they are not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they appear in the response filed 6 July 2006.

(A) Applicant's arguments on pages 12, paragraph 1 and 2 of the response filed 6 July 2006 with respect to the last newly added limitation of claim 1 have been considered but are moot in view of the new ground(s) of rejection.

At pages 11-12 of the 6 July 2006 response Applicant argues that the features in the Application are not taught or suggested by the applied references. In response, all of the limitations which Applicant disputes as missing in the applied references, including the newly added features in the 6 July 2006 amendment, have been fully addressed by the Examiner as

either being fully disclosed or obvious in view of the collective teachings of Kessler, Bitran, Seare, Celadon and Spiro, based on the logic and sound scientific reasoning of one ordinarily skilled in the art at the time of the invention, as detailed in the remarks and explanations given in the preceding sections of the present Office Action and in the prior Office Action (paper number 12232005), and incorporated herein. In particular, Examiner notes that the recited features of an incentive administrator retains a portion of the cost savings are taught by the combination of applied references. In particular, please note that Bitran teaches "the government subcontracted the management of its own employees to a [separate] non-profit, non-governmental organization" and "PROSALUD [reads on "incentive administrator"] received the other 50 percent" (Bitran; page 34, paragraph 3 to page 35, paragraph 1) and "[i]f physicians' actual costs were below the capitation levels, the physicians were allowed to keep the profits" (Bitran; page 31, paragraph 4), as specifically applied in the rejections given above and incorporated herein. Examiner interprets these teachings as reading on the argued limitations.

As per applicant's argument in the last sentence of paragraph 2 on page 12 of the response filed 6 July 2006 that the cited combination does not disclose a system that includes verifying that the episode of care is not an outlier case, and verifying that the episode of care is not subject to gaming effects and factoring in any effects due to comorbidity, Examiner respectfully disagrees. Examiner interprets Kessler's teachings of employing a "large statistically accurate data base" and analysis of cost control while "having a readily available data base with extensive data on every ... [...] ... visit" (Kessler; column 12, lines 11-22) to include verifying that the episode of care is not an outlier case; and Examiner interprets Kessler's teachings of

"attempts at fraud can be quickly detected and appropriate action taken" and "detecting abuses of over-utilization of medical care, where unwarranted and expensive care is rendered without adequate medical necessity. By choosing appropriate criteria by which to analyze the data obtained, such over-utilization may be easily recognized by the method of this invention" (Kessler; column 11, line 55 to column 12, line 4) to be a form of "verifying that the episode of care is not subject to gaming effects;" and Examiner interprets Seare's teachings of "patient records are searched for any comorbidity ICD codes" to be a form of "factoring in any effects due to comorbidity" (Seare; column 24, lines 38-40), and consequently Examiner interprets the combined references to teach these argued limitations.

Conclusion

8. The prior art made of record and not relied upon is considered pertinent to Applicant's disclosure. The cited but not applied references Forman, United States Patent Number 6, 826, 536, Dang, United States Patent Number 5, 835, 897, and Bagne, United States Patent 6, 317, 700, teach the environment of reducing medical costs by assessing performance and providing incentives to physicians.

9. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed,

and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

10. **Any response to this final action should be mailed to**:

Box AF

Commissioner of Patents and Trademarks
Washington D.C. 20231

or faxed to: (571) 273-8300.

For formal communications, please mark
"EXPEDITED PROCEDURE".

For informal or draft communications, please label
"PROPOSED" or "DRAFT" on the front page of the
communication and do NOT sign the communication.

After Final communications should be labeled "Box AF."

11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Natalie A. Pass whose telephone number is (571) 272-6774. The examiner can normally be reached on Monday through Thursday from 9:00 AM to 6:30 PM. The examiner can also be reached on alternate Fridays.

12. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas, can be reached at (571) 272-6776. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (571) 272-3600. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

13. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Natalie A. Pass

September 12, 2006

JOSEPH THOMAS
SUPERVISORY PATENT EXAMINER